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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

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January 10, 1997

Mr. William F. Caton
Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Re: The Federal-State Joint Board's Recommended Decision on Universal Service --
CC Docket 96-45

Dear Secretary Caton:

Enclosed are an original and four copies of the American Public Power Association's reply comments on the Federal-State Joint Board's Recommended Decision on Universal Service.

We are also serving a copy on disk on Sheryl Todd, Federal Communications Commission, Common Carrier Bureau, 2100 M Street, N.W., Room 8611, Washington, D.C. 20554, and one copy to the International Transcription Service.

Kindly return a date-stamped copy to the messenger.

Sincerely,


James Baller

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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of the
Federal State Joint Board's
Recommended Decision
on Universal Service

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CC Docket No. 96-45

To the Commission:

REPLY COMMENTS OF THE
AMERICAN PUBLIC POWER ASSOCIATION

In its opening comments, the American Public Power Association disagreed with the Federal-State Joint Board's recommendation that the Commission interpret the key statutory term "telecommunications service" as broadly as possible in deciding who should contribute funds to the universal services program. APPA urged the Commission to give full weight to the limits reflected in the language and legislative history of that term and in the Commission's own Interconnection Order. APPA also noted that the Joint Board's broad interpretation would be imprudent from a policy standpoint, as it would discourage thousands of entities, including public power systems, pipelines, railroads and rural electric cooperatives, that use telecommunications for their own internal purposes from making their telecommunications facilities available to potential providers of telecommunications services. Numerous other commenters made similar points -- including UTC, The Telecommunications Association, the National Rural Electric Cooperative Association, and Lower Colorado River Authority -- and no commenter contradicted these points.

In these reply comments, APPA addresses the Joint Board's discussion of the term "telecommunications service" in the context of services to schools and libraries. In that

discussion, the Joint Board also urges the Commission to interpret that term very broadly, in order to authorize subsidies from the universal services fund for Internet service, for installation and maintenance of inside wiring, and for internal connections such as routers, hubs, network file servers, and wireless LANs. *Recommended Decision* at ¶¶ 458-477. APPA agrees with the many opening-round commenters that have argued that such an interpretation would be inconsistent with the Act and with distinctions that the Commission has carefully drawn in other proceedings involving Internet access and inside wiring.¹

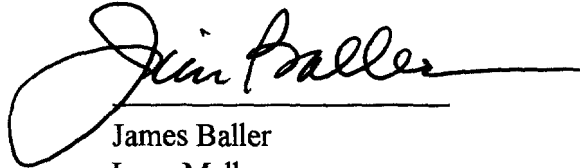
Strengthening schools and libraries by affording them access to advanced telecommunications services is a worthy goal. Congress appropriately encouraged the Commission to pursue this goal through subsidies from the universal service fund. In administering this aspect of the program, the Commission is bound by the Act, including its use of the term “telecommunications service” to limit the services eligible for subsidies. Even if the Commission believes that the program should be broader than Congress authorized, it cannot lawfully ignore or distort key elements of the definition of “telecommunications service” to achieve that end. That is particularly so because Congress used the term “telecommunications service” for many purposes in the Act, and an expansion of its meaning for one purpose could have significant, unintended and counterproductive consequences in other areas.

Indeed, the interpretation that the Joint Board has recommended to the Commission could ultimately *harm* schools and libraries. By discouraging electric utilities and other major users of telecommunications from making their facilities available to prospective common carriers of

¹ See, e.g., comments of Association for Local Telecommunications Services at 16-18; AT&T Corp. at 18-21; Bell Atlantic at 20-22; Citizens Utilities Company 10-16; GTE 89-97; Pacific Telesis 37-41; Personal Communications Industry Association at 16-23; SBC Communications 43-50.

telecommunications service, that interpretation could delay realization of the pro-competitive goals of the Act and thereby drive up the overall costs of universal service. APPA urges the Commission to avoid this result by continuing to adhere to the interpretation that the Act requires and that the Commission itself adopted in its Interconnection Order.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jim Baller", with a horizontal line drawn underneath it.

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